

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 6259**

**BILL NUMBER:** SB 194

**DATE PREPARED:** Nov 16, 1998

**BILL AMENDED:**

**SUBJECT:** Pension Relief Fund and TRF Pension Stabilization Fund appropriations.

**FISCAL ANALYST:** James Sperlik

**PHONE NUMBER:** 232-9866

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

STATE IMPACT	FY 1999	FY 2000	FY 2001
State Revenues			
State Expenditures		125,000,000	125,000,000
Net Increase (Decrease)		(125,000,000)	(125,000,000)

**Summary of Legislation:** This bill annually appropriates \$100,000,000 to the Pension Stabilization Fund and \$25,000,000 to the “m” portion of the Pension Relief Fund from the State General Fund.

**Effective Date:** July 1, 1999.

**Explanation of State Expenditures:** The annual appropriation to the Pension Stabilization Fund will lower the necessary required contributions for the Teachers’ Retirement Fund in future years. The estimated amount of future savings will be included in this fiscal note upon receipt of necessary data from the actuaries for the Teachers’ Retirement Fund.

The annual appropriation to the “m” portion of the Pension Relief Fund provides relief to those units most in need. It addresses the “distressed” communities. The distribution is based on calculation of the communities’ total net police and fire pension payment, with a qualification level of those communities with annual payments equal to or greater that 10% of the maximum property tax levy. The relief is focused on unfunded liabilities, allowing units to freeze those payments to their current percentage of the maximum levy.

The additional appropriation will extend the life of the “m” portion of the Pension Relief Fund by seven years, from 2010 to 2017. The annual appropriation of \$25,000,000 will allow for additional relief payments

to be as follows:

<b><u>Year</u></b>	<b><u>Additional “m” Distributions</u></b>
2011	\$76,130,000
2012	88,936,000
2013	100,793,000
2014	111,086,000
2015	112,925,000
2016	113,825,000
2017	109,901,000

After the year 2017, the \$25,000,000 will come into the fund and be paid out immediately, with no earnings accruing to the fund. The \$10 million in annual lottery revenue is part of the base.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** See Explanation of State Expenditures.

**State Agencies Affected:** Public Employees Retirement Fund as administrators of the Pension Relief Fund; Teachers’ Retirement Fund.

**Local Agencies Affected:** Those units who qualify for additional relief under the “m” portion of the Pension Relief Fund. About 105 municipalities receive distributions from the “m” portion of the Pension Relief Fund.

**Information Sources:** Doug Todd of McCready & Keene, Inc., actuaries for PERF and the Pension Relief Fund, 576-1508.